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MEMORANDUM FOR:

The Director of Central Intelligence
The Deputy to the Director for
Intelligence Community
The Director, OMB
The Deputy Director, OMB

Subject: DCI Management Conference

The first DCI-OMB Management Conference was held on Thursday, July 5, at 10:00 a.m. in Director Ash's office. The participants were:

Mr. Colby
General Allen
Mr. Ash
Mr. Bridgewater
Mr. Ogilvie
Mr. Strait
Mr. Donahue
Mr. Edwards

Mr. Colby noted that the Intelligence Community was fortunate in that clear Presidential goals were provided in the President's November 1971 directive. These goals formed the basis for the DCI's current objectives. Mr. Colby was hopeful, however, that, in future years, the objectives would increasingly emphasize substantive intelligence objectives rather than the mainly process/procedure objectives in the FY74 objectives.

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Mr. Ash mentioned that the NSC staff has worked closely with OMB in reviewing the DCI objectives. Both OMB and the NSC agreed that the proposed objectives represented a detailed and comprehensive statement of DCI priorities. There was general agreement that NSC's cooperation will be necessary to accomplish the objectives.

Discussion of Specific Objectives

1. This objective on the national intelligence product will require active NSC-NSCIC participation. Mr. Colby thought the objective could be accomplished by working with Andy Marshall (NSC) and by involving IC staff, though he was concerned that the customers of intelligence, rather than the intelligence people themselves, remain the dominant force. No specific changes were proposed.

2. This objective, keyed to community leadership, occasioned a discussion of the substance of the task, which the participants agreed was the important point. There was also mutual agreement that the products of the reviews proposed in this objective would eventually become objectives themselves. Mr. Colby indicated that he might need some OMB assistance on special legislation covering intelligence personnel and, after some discussion of the difficulties of this route, it was agreed that other approaches to personnel problems might be usefully explored.

3. Mr. Colby discussed the enthusiastic response of Congress to a community program budget, but acknowledged DOD sensitivity to its portion of this budget. Everyone agreed that the DCI's personal recommendations in the forms of an intelligence program budget would be submitted through OMB.

4. Both the usefulness and means of achieving this objective (R&D strategy) were discussed. The importance of the objective was based on the need for technological transference within the community and for manpower tradeoffs. Mutual concern was expressed on the absence of ground rules on discounting R&D expenditures. OMB offered to work with the IC staff on this problem.

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5. Mr. Bridgewater thought that some specificity on the studies planned under this objective (intelligence value) would be advantageous. Mr. Colby agreed to identify specific projects.

6. There was mutual agreement that this objective (tactical intelligence) was important and that the Secretary of Defense should provide valuable assistance. No changes were proposed.

7. Mr. Colby explained this objective (consumer needs) in terms of reorganizing USIB and staff procedures to come to grip with key substantive problems. No changes were proposed.

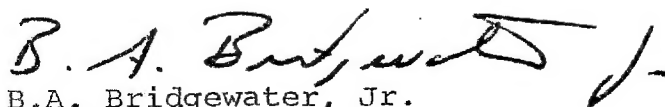
8. There was agreement that a target date of October 1 should be added to this objective (military intelligence). No other changes were discussed.

9. There was agreement that identification of consumer needs for economic intelligence was the difficult step, and that OMB assistance might be needed. Mr. Ash offered OMB cooperation.

10. The objective on narcotics and terrorism was not changed.

Next Steps

With the minor changes agreed to at this meeting, the review process was complete and Mr. Ash advised Mr. Colby to submit the objectives directly to the President. The President will probably review the objectives later this month, although the nature of his review has not been decided. Periodic follow-up meetings will be held to review progress toward the objectives.



B.A. Bridgewater, Jr.
Associate Director

cc: Mr. Mecum
Mr. Frey
Mr. Ogilvie

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EXECUTIVE SECRETARIAT

Routing Slip

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Remarks:

B. E.
 Executive Secretary
 30 JUL 1973
 Date